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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

FEB 16 3 33 PM '00

February 16, 2000

AGENDA ITEM

For Meeting of: 2-17-00

MEMORANDUM

TO: The Commission

FROM: James A. Pehrkon  
Staff Director

SUBJECT: February Status Report to Congress on PricewaterhouseCoopers  
Recommendations

**SUBMITTED LATE**

Attached for your review at the February 17 open session is the third status report to Congress on the Commission's efforts in implementing the recommendations contained in the PricewaterhouseCoopers audit report. Previously, reports were submitted on March 24 and September 24, 1999. We are submitting this status report ahead of schedule in anticipation of our upcoming oversight and budget hearings.

Attachment

**PricewaterhouseCoopers's Recommendations/Improvement  
Opportunities – September 1999 Status Report**

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# **PricewaterhouseCoopers's Recommendations/Improvement Opportunities --February 2000 Status Report**

## **Executive Summary**

Following the publication of PricewaterhouseCoopers's audit<sup>1</sup> of the Federal Election Commission, the Committee on House Administration, chaired by Representative Bill Thomas, requested that the Commission inform the Committee on its progress in implementing the recommendations contained in the PricewaterhouseCoopers audit. This is the third such progress report.<sup>2</sup>

This report includes, where possible, target dates for completion. Task forces and working groups that are working on the various recommendations and "other projects" are listed under Recommendation #7.

We have grouped current tasks into three categories:

- Tasks completed during current reporting period;
- Tasks requiring immediate attention (to be completed by 1<sup>st</sup> quarter, 2000); and
- Tasks that will be completed by 3<sup>rd</sup> quarter, 2000.

All other tasks either have been completed or will continue to receive staff and Commission attention on a less expedited basis.

### **Tasks Completed During Current Reporting Period**

- Transition to a paperless disclosure and reports review process (Recommendation # 10). [Initial phase completed.]
- Convene an internal OGC working group to develop recommendations for consideration by the Commissioners to reduce the number of legal reviews embedded in the enforcement process (Recommendation # 13).
- Transfer payroll and personnel systems to the National Finance Center (Other Projects # 1).
- Year 2000 Remediation Effort (Other Projects # 2).
- Redesign and Enhance FEC Web site (Other Projects # 4).
- Contract for IT services and data entry support services (Other Projects # 9).
- Waiver of State Filing Requirements (Other Projects # 16).

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<sup>1</sup> *Technology and Performance Audit and Management Review of the Federal Election Commission*, January 29, 1999.

<sup>2</sup> Previously reports were submitted to the Committee on March 24 and September 24, 1999.

#### **Tasks Requiring Immediate Attention (1<sup>st</sup> Quarter, 2000)**

- Administrative Fines /Proposed Regulations (Recommendation # 4)
- Case Management (Recommendation # 14)
- Integration of Macintosh publishing program into server-based computer system (Other Project # 15)

#### **Tasks That Will Be Completed by 3<sup>rd</sup> Quarter, 2000**

- Mandatory electronic filing (Recommendation # 1)
- Election-cycle reporting (Recommendation # 2)
- Administrative Fines/Operational (Recommendation # 4)
- Standardize filing guidelines and forms (Recommendation # 5)
- Establishment of Title 2 audit-for-cause process (Recommendation # 15)
- Implement Document Management System in OGC (PCDocs) (Other Projects # 5)
- Implement Document and Tracking System in Audit (Other Projects #6)
- Renovations of FEC offices (Other Project # 10)
- Alternative Dispute Resolution (Other Project # 12)

Task forces have made significant progress in carrying out the recommendations and projects, summarized below:

- **Authorize mandatory electronic filing for major filers (Recommendation # 1).**  
The OGC anticipates that the related rulemaking will be completed by December 2000.
- **Standardize reporting on an election-cycle basis (campaign-to-date basis) rather than a calendar-year basis (Recommendation # 2).**  
The OGC anticipates that the related rulemaking will be completed by December 2000.
- **Transfer the point-of-entry for Senate candidate committee reports to the FEC (Recommendation # 3).**  
The issue of facilitating voluntary electronic filing by Senate committees is still under consideration by the Rules Committee. Nevertheless, the Commission continues to work with the Senate Public Records Office to implement measures to transmit scanned images of reports filed with the Senate to the FEC. A high speed communication line which will enable the Senate to transmit its filings directly to the FEC has been installed. The estimated completion date is April 2000.
- **Authorize the FEC to establish an administrative fine schedule, subject to reasonable appeal procedures, for straightforward disclosure violations (Recommendation # 4).**  
Under an expedited review schedule, Commission consideration of a new fine schedule, new internal procedures, draft regulations, and an implementation strategy is scheduled for late February 2000.

- **Enforce the use of standard filing guidelines and forms for the entire regulated community during the transition to electronic filing (Recommendation # 5).**  
A contract for the redesign of FEC forms was awarded on September 14, 1999. The Commission anticipates that the contract will be completed in March 2000.
- **Transition to a paperless disclosure and reports review process (Recommendation # 10).**  
An improved prototype system for electronically reviewing filed documents was presented to RAD staff by the EF contractor in October 1999. RAD analysts are currently using this program to conduct basic reviews. Review and modifications to the system are ongoing.
- **Compile an annual descriptive offense profile of compliance matters to better inform Commissioners, policy makers, and the public about emerging law enforcement trends (Recommendation # 12).**  
The Commission contracted with Booz/Allen & Hamilton to define the requirements for a comprehensive offense profile database. A final assessment of the requirements will be submitted in February 2000, and an operational system developed by the 4<sup>th</sup> quarter, 2000.
- **Complete the case management system and use the workflow and staff utilization data to establish enforcement workload standards (Recommendation # 14).**  
Training of Commissioners, OGC, and senior staff in the use of the Case Management System (CMS) has been completed. A six-month review period has commenced.
- **Assign dedicated resources to establish a single Title 2 audit-for-cause process in the Audit Division independent of Title 26 audit resource requirements (Recommendation # 15).**  
The Audit Division entered FY 2000 fully staffed. Additionally, the Commission entered into a contract to identify the requirements of audit workflow modernization and to examine alternative solutions in a cost benefit context. The reports should be completed in March 2000.
- **Establish annual performance objectives for the Staff Director and the General Counsel (Recommendation # 17).**  
The Chairman and Vice Chairman received qualification statements of potential contractors provided by the FEC's Personnel Director, along with information about how other agencies address similar positions.

- **Expand imaging process to include materials other than campaign finance reports (Project # 7)**  
FEC has worked with AMS since September 1999, to develop a strategy for implementing a Commission-wide document management system. The first phase is slated for completion by April 2000.
- **Develop an Alternative Dispute Resolution (ADR) pilot program (Project # 12).**  
In December the Federal Mediation and Conciliation Service (FMCS) met with Commissioners to present their final ADR design report. OGC developed case selection criteria. As a result of the December meeting, the Commission directed the Staff Director to draft a proposal to implement the ADR program and to issue a vacancy announcement for the Director of ADR. The Commission expects to hire a Director by April 2000.

More detailed descriptions of progress on each Recommendation, Growth Opportunity and Other Project appear in the pages that follow.

# **PricewaterhouseCoopers's Recommendations/Improvement Opportunities**

## **February 2000 Status Report**

Recommendations 1, 5, 7, 9, 11, 12, 13 and 14 and Improvement Opportunity 4-15 have been designated high priority by staff.

### **PwC Recommendations**

**1. Authorize mandatory electronic filing for major filers:** Electronic filing offers the most cost-efficient and effective method to capture campaign finance transactions. The FEC needs legislative authority to require committees, which meet FEC-determined thresholds of financial activity, to file reports electronically by a date certain. (4.2.6)

**PwC Approach:** Congressional action required

**PwC Timeframe:** 2002 election cycle

**Lead Office:** Data

**Participating Offices:** Information, OGC Policy, RAD, Commissioners' Offices, Audit, Public Disclosure, and Press

**Target Completion Date:** Marketing Plan for Voluntary Program, July 2000  
Mandatory Program, December 2000

**FEC Progress:** On September 29, 1999, the President signed H.R. 2490, the fiscal year 2000 Treasury, Postal Service and General Government Appropriations Act, which mandates electronic filing in the 2002 election cycle for all political committees, other than Senate committees. The provision takes effect for reporting periods beginning after December 31, 2000. OGC anticipates that the related rulemaking will be completed by December 2000. That projection is based upon expedited Commission approval of proposed rules, a public comment period, approval of final rules and their submission to Congress for 30 legislative days.

In the absence of regulations implementing the new legislation, the Commission is actively promoting voluntary use of electronic filing. To this end, a working group prepared a draft marketing plan encouraging broad participation in the FEC's electronic filing program. Through competitive bidding, a marketing firm was brought on board and has developed a specific marketing plan focusing on education and stressing the benefits of becoming an electronic filer prior to implementation of mandatory electronic filing in 2001. Marketing efforts include advertisements in publications aimed at political professionals, outreach efforts at conferences and other meetings of political professionals, web site updates, and special mailings to committees. A total of 551 committees electronically filed their year-end reports with the Commission. Further plans for easing the transition to electronic filing include providing a framework for testing commercial software so that the filing public can make an informed software purchasing decision. In addition, based on an electronic filing survey, the FEC is improving the documentation of its electronic filing software (a software user manual will be available by the end of 1999) and considering issuing CD ROM-based tutorials and video-taped



software classes. Finally, the Data Division has initiated a review process involving FEC staff, SDR (the contractor) and software vendors to address areas that need improvement prior to the increase in electronic filing activity expected in 2001 (most of which will be in July of 2001).

**2. Standardize reporting on an election-cycle basis (campaign-to-date basis), rather than a calendar-year basis:** Standardized reporting periods on an election-cycle basis would simplify candidate committee record-keeping, reduce the number of filing errors requiring RFAs, and increase the usefulness of the disclosure database. (4.2.5)

**PwC Approach:** Congressional action required

**PwC Timeframe:** 2002 election cycle

**Lead Office:** Public Disclosure

**Participating Office:** OGC Policy, Audit, Press, RAD, Information, and Data

**Target Completion Date:** December 2000

**FEC Progress:** On September 29, 1999, the President signed H.R. 2490, the fiscal year 2000 Treasury, Postal Service and General Government Appropriations Act, which included a change to the FECA requiring committees to report on an election-cycle basis. The new amendment changes the aggregate reporting of information for candidate campaigns from calendar-year to campaign-cycle reporting, effective for the reporting period beginning after December 31, 2000. OGC anticipates that the related rulemaking and corresponding reporting forms will be completed by December 2000. This projection is based upon expedited Commission approval of proposed rules, a public comment period, approval of final rules and revised forms, and their submission to Congress for 30 legislative days

**3. Transfer the point-of-entry for Senate candidate committee reports to the FEC:** The FEC must maintain separate and costly filing, imaging, and document retrieval processes to accommodate Senate filings. Establishing the FEC as the single point-of-entry for filings would reduce FEC costs and increase the timeliness of filing and compliance notices. (4.2.7)

**PwC Approach:** Congressional action required

**PwC Timeframe:** 2000 election cycle

**Lead Offices:** Public Disclosure and Data

**Participating Office:** OGC Policy

**Target Completion Date:** April 2000

**FEC Progress:** The Commission continues to work with the Senate Public Records Office to implement measures to transmit scanned images of reports filed with the Senate to the FEC. The Senate has contracted with a vendor to enhance the Senate's image scanning process by modifying images scanned at the Senate to make them conform with FEC images. These modifications will allow the FEC to integrate Senate images with the FEC's imaging system. The high speed communication line to enable the Senate to transmit its filings directly to the FEC has been installed, and the necessary communication components are being configured. The estimated completion date is April 2000. Implementation will assist efforts to provide all images of financial reports on the WEB.

**The issue of facilitating voluntary electronic filing by Senate committees is still under consideration by the Rules Committee.**

**4. Authorize the FEC to establish an administrative fine schedule, subject to reasonable appeal procedures, for straightforward disclosure violations:** Moving these violations out of the formal enforcement process would allow more efficient and effective use of enforcement resources for activating and resolving more significant matters under review. (4.3.3.5)

**PwC Approach:** Congressional action required  
**PwC Timeframe:** 2000 election cycle  
**Lead Offices:** OGC and RAD  
**Participating Offices:** Data, Public Disclosure, Congressional Affairs, and Staff Director's Office  
**Target Completion Date:** July 2000  
**FEC Progress:** On September 29, 1999, the President signed H.R. 2490, the fiscal year 2000 Treasury, Postal Service and General Government Appropriations Act, which included an amendment to the FECA establishing an administrative fine schedule for straightforward reporting violations occurring between January 1, 2000, and December 31, 2001. Under an expedited review schedule, Commission consideration of a new fine schedule, new internal procedures, draft regulations, and an implementation strategy is scheduled for late February 2000.

**5. Enforce the use of standard filing guidelines and forms for the entire regulated community during the transition to electronic filing:** Standardizing how forms and amendments to forms are submitted and requiring the submission of all disclosure information in a typeface format would improve the disclosure and reports review processes. (4.2.5)

**PwC Approach:** Requires Notice of Proposed Rulemaking  
**PwC Timeframe:** FY 1999  
**Lead Office:** Public Disclosure  
**Participating Offices:** Audit, Information, OGC Policy, RAD, Administration and Data  
**Target Completion Date:** Redesign of Forms, August 2000  
**FEC Progress:** This recommendation has two parts: forms redesign and standardized reporting/processing practices.

*Forms Redesign.* A contract for the redesign of FEC forms was awarded on September 14, 1999. To date, the vendor has presented the task force with at least one draft of the forms and schedules slated for redesigned under the contract. The Commission anticipates that the contract will be completed in March 2000.

*Standardized Reporting/Processing Practices.* On February 11, 2000, the task force submitted to the Staff Director a final document putting forth several reporting practices which, if standardized and enforced, would enhance the disclosure operation

with more timely entry of itemized transactions and more accurate reporting. A draft document entitled "How to Amend Reports," prepared by a subgroup of the task force, is included in the final package of recommendations.

**6. Set up Internet connections on several PCs in the Public Records Division so that the public can access the FEC Web page:** This step enhances resources available in Public Records. (4.2.1)

**PwC Approach:** Minimal Data Systems support

**PwC Timeframe:** FY 1999

**Lead Office:** Public Disclosure

**Participating Office:** Data

**Target Completion Date:** Recommendation was implemented in 1999.

**7. Engage in intraprogram and interprogram management-planning activities to improve resource utilization and to enable process efficiencies:** Increased emphasis on management planning will support improvements in disclosure productivity. (4.2.9)

**PwC Approach:** Ongoing work with business process maps as a baseline

**PwC Timeframe:** FY 1999

**Lead Offices:** Staff Director and General Counsel

**Participating Offices:** All

**Target Completion Date:**

**FEC Progress:** In response to this recommendation, the Staff Director and General Counsel have established several working groups tasked with:

- Marketing electronic filing;
- Identifying reporting guidelines and practices which, if standardized, would improve efficiency and effectiveness of our disclosure operations;
- Identifying ways to reengineer the reports review process to take better advantage of information technology;
- Establishing Internet connections in Public Records so that the public can access the FEC Web Page;
- Reducing the number of legal reviews;
- Developing an annual descriptive offense profile of compliance matters;
- Implementing administrative fines—a new statutory provision;
- Implementing election-cycle reporting—new statutory provision; \
- Establishing a Title 2 Audit-for-Cause Program.

Previously established working groups have continued to work on:

- Implementing a Case Management System;
- Developing a relational disclosure database;
- Enhancing the FEC's Web site;
- Modifying disclosure forms into a machine readable format;
- Implementing Electronic Filing;
- Expanding IT initiatives;
- Developing an ADR program that will augment existing enforcement efforts; and
- Finance Committee matters.

**8. Realign resources in Disclosure and in Data Systems coding and entry into a single disclosure process with one accountable manager:** Consolidating the disclosure process from two divisions into one with a single manager will increase accountability and streamline disclosure process functions and resources. (4.2.4)

**PwC Approach:** Three months developing consolidation plan (\$50,000 for facilitation support)

**PwC Timeframe:** FY 2000

**Lead Office:** Public Disclosure

**Participating Offices:** Data

**FEC Progress:** In the past, the FEC tried a "unified approach" to disclosure, review and data coding and entry. The approach was unsuccessful. The Commission believes that the disclosure program and data entry and coding are working quite well. In fact, PricewaterhouseCoopers also found that the Commission completed its disclosure requirements in a timely manner.

**9. Work with internal and external user groups to determine modernization requirements for the existing disclosure database:** Beginning to assess internal and external user requirements will accelerate the move away from DB1032 to a relational database and thereby strengthen the disclosure and reports analysis processes. (4.2.8)

**PwC Approach:** Six months to design IT strategy (\$500,000 for database design support and acquisition)

**PwC Timeframe:** FY 2000

**Lead Office:** Data

**Participating Offices:** Audit, Press, Public Disclosure, and RAD

**Target Completion Date:** March 2000

**FEC Progress:** The transition to a relational database is occurring in the following stages:

- The Commission contracted with a firm in October of 1998 to perform a requirements analysis.
- The contractor worked with inside users to prepare an inventory of current uses of the 1032 data base. The inventory has been completed.
- The FEC issued a task order to AMS against a GSA contract for \$112,000 to complete the second phase of developing a client/server strategy for the disclosure function.
- The project plan for the second phase was completed on November 9, 1999.
- All interviews with participating offices have been completed. The draft client/server strategy report is due February 16, 2000, and the final report is scheduled for delivery March 1, 2000.
- Data Base engines will be investigated as to their applicability to the FEC environment.
- System Development will begin in March 2000.

**10. Transition to a paperless disclosure and reports review process:** During the transition period to an electronic filing environment, the FEC will need to support existing and new disclosure and reports review processes. For example, the Reports Analysis Division requires a business process reengineering (BPR) study to design an electronic reports review and exception reporting system. (Dependent on Congressional authorization to require mandatory electronic filing with a date certain.) (3.3.10 and 4.2.3)

**PwC Approach:** Design and document requirements (\$500,000 for BPR study)

**PwC Timeframe:** FY 2001, with design/document phase completed in 6 months

**Lead Offices:** Public Disclosure and RAD

**Participating Offices:** Audit, Press and Data

**Target Completion Date:** The implementation of the initial phase of this PwC recommendation has been completed.

**FEC Progress:** An improved prototype system for electronically reviewing filed documents was presented to RAD staff by the EF contractor in October 1999. RAD's review of the program's capabilities indicated that the prototype will significantly assist in the review of electronically filed reports. RAD analysts are currently using this electronic review program to conduct basic review of all electronically filed documents, including those of Presidential campaign committees. RAD and Data also are coordinating efforts in anticipation of further improvements. Particularly, they are looking at extending automated review beyond examining a single report to include consideration of a committee's activity as a whole.

RAD and DSDD have revised "error listing" programs, which examine data derived from committee reports and point out potential problems for the Reports Analysts to investigate.

**11. Prepare and maintain documentation supporting EPS (Enforcement Priority System) case-activation decisions:** This step will increase the transparency and accountability of OGC case-activation decisions. (3.3.3) (See also: Improvement Opportunity 4-20.)

**PwC Approach:** Two months

**PwC Timeframe:** FY 1999

**Lead Office:** OGC Enforcement and OGC PFESP

**Participating Offices:** None

**Target Completion Date:** This recommendation was completed in April 1999.

**12. Compile an annual descriptive offense profile of compliance matters to better inform Commissioners, policy makers, and the public about emerging law enforcement trends:** To undertake this project, the FEC will need outside assistance from other Federal law enforcement statistics agencies and a contractor to design a database (in conjunction with the case management system) and to code closed cases. (3.3.4 and 4.3.3.6) (See also: Improvement Opportunities 3-2 and 4-22.)

**PwC Approach:** Eight months to research, design, automate, and code closed cases (\$250,000)

**PwC Timeframe:** FY 1999  
**Lead Office:** OGC Enforcement and OGC PFESP  
**Participating Offices:** OGC, Administration, Data, Information  
**Target Completion Date:** 4<sup>th</sup> quarter, 2000  
**FEC Progress:** The Commission has contracted with Booz/Allen & Hamilton to define the requirements for a comprehensive offense profile database. A working group, composed of representatives from OGC, Data, Planning and Management and Information, has worked with Booz/Allen on this project. Booz/Allen submitted a draft requirements document to the Commission on February 7, 2000. It is anticipated that a final assessment of the requirements will be submitted in February 2000 and an operational system developed by the 4<sup>th</sup> quarter, 2000.

**13. Convene an internal OGC working group to develop recommendations for consideration by the Commissioners to reduce the number of legal reviews embedded in the enforcement process:** This effort will speed Commissioner consideration of enforcement case stages. (4.3.3.2) (See also: Improvement Opportunity 4-18.)

**PwC Approach:** Four months  
**PwC Timeframe:** FY 2000  
**Lead Office:** OGC Enforcement and OGC PFESP  
**Participating Offices:** None  
**Target Completion Date:**  
**FEC Progress:** The Levels of Review working group submitted a report to the Commission, which was discussed at the February 15, 2000, executive session meeting. The Commission accepted the report and directed the working group to consider how they are going to address the recommendations therein and to report back to the Commission within 90 days regarding questions that need to be resolved.

**14. Complete the case management system and use the workflow and staff utilization data to establish enforcement workload standards:** After the system has tracked cases throughout FY 1999, a baseline set of metrics should guide the development of these standards. (4.3.3.6)

**PwC Approach:** Twelve months  
**PwC Timeframe:** FY 2000  
**Lead Office:** OGC  
**Participating Offices:** Data, Planning and Management, Staff Director, and Commissioners' Offices  
**Target Completion Date:** Phase I (Implementation)—February 2000  
**FEC Progress:** Basic Case Management System (CMS) training for Commissioners, the Staff Director, Planning & Management, Congressional Affairs and OGC staff has been completed. Labor/management negotiations with NTEU concerning CMS implementation will begin in earnest after the six month review period has been completed. The initial phase of time entry CMS training is complete. We will, of course, have on-going training for new employees. Information from legacy systems has been incorporated into the CMS. Last minute systems modifications were made in October

1999. At that time, OGC began entry of current information relating to active cases; this process is ongoing within OGC, with some OGC sections up to date. Additional entry assistance concerning current case data was provided by the Office of the Staff Director. Identification and entry of selected information from past cases continues. The Commission Secretary continues to keep CMS current with respect to Commission votes and assisted OGC with the set up of the 28 largest enforcement cases. DSDD is assisting OGC with the data entry. OGC is preparing a comprehensive report to the Commission on the Status of CMS; OGC intends to circulate this report to the Commission before the end of the six month review period.

**15. Assign dedicated resources to establish a single Title 2 audit-for-cause process in the Audit Division independent of Title 26 audit resource requirements:** Conducting a predetermined threshold number of audits for cause is necessary to enhance visibility in the filing community and to deter noncompliant activities. (4.3.2.4) (See also Improvement Opportunity 4-15.)

**PwC Approach:** Additional Audit Division personnel  
**PwC Timeframe:** FY 2001  
**Lead Offices:** Audit, OGC PFESP and Staff Director  
**Participating Offices:** RAD, Public Disclosure, Data  
**Target Completion Date:** Electronic Audit Workflow and Management System, 1<sup>st</sup> quarter, 2000  
 Audit internship program for Title 2 audits, 1<sup>st</sup> quarter, 2001

**FEC Progress:** The Audit Division initially identified three approaches that would allow the agency to focus more resources on the Title 2 audit-for-cause program:

*External Contracts for Convention-Related Entities.* This option no longer appears to be a viable solution because of the high costs involved.

*Temporary Peak Workload Assistance: Intern/Co-op Program.* All auditor positions relative to FY 1999 and FY 2000 have been filled. Recruitment of participants in an intern or coop program will begin during the first half of this calendar year. It is expected that, FTE permitting, one or more interns will be hired during the 1<sup>st</sup> or 2<sup>nd</sup> quarter, 2000. Utilization of interns during this period will be a preamble to carrying out a comprehensive intern program in FY2001, assuming the FY 2001 budget request is approved.

*Use of Risk Analysis and Other Resource-Saving Methodologies.* With assistance from the Data Division, the Audit Division has finalized a contract for a Requirements Analysis and Cost Benefit Study to identify the requirements of an electronic audit workflow and management process. The reports should be completed prior to the end of the 1<sup>st</sup> quarter. Implementation, if warranted, would occur during the 2<sup>nd</sup> quarter.

*Preliminary Conclusion.* If all the approaches/modifications (not including contracting out convention audits) discussed above are implemented, the FEC would significantly increase the number of Title 2 audits covering the 2000 election cycle. Preliminary estimates put the number of audits of authorized committees at 24 (roughly 22 House audits and 2 Senate audits)<sup>1</sup> and the number of nonauthorized committee audits

<sup>1</sup> These numbers represent 5 percent of all House and Senate seats up for election in the 2000 election cycle.

at 20-21, for a total of 45 audits for that cycle. In contrast, over the last four cycles (1991-92 through 1997-98) an average of 9 authorized and 12 nonauthorized committees have been slated for audit. House and Senate audits would be commenced within 6 months of the general election unless the auditee requested a postponement; in no case would an authorized committee audit begin later than August of the year after the election, unless the compulsory process had to be employed. Further, all of the House and Senate audits would be publicly released within one year of commencement, unless the compulsory process had to be employed. The 2-year deadline on release of Title 26 audit reports would continue to be met.

The OGC/PFESP section continued its review of the Title 2 audit process and the Enforcement Priority System (EPS) II, with special emphasis on processing Title 2 audit referrals. OGC/PFESP forwarded draft revisions to EPS II to the task force on November 1, 1999 and interviewed Commissioners regarding proposed revisions. Once the document has been finalized, it will be sent to the Commissioners.

In September 1999, the Commission established a task force under the direction of the Staff Director to focus on the Title 2 audit process.

**16. Select a permanent Staff Director tasked to improve overall organizational performance:** The FEC now has the opportunity to select a permanent Staff Director who can help renew the organization. FEC Commissioners should consider retaining an executive-recruiting firm to validate the candidate list for their consideration. (3.3.6)

**PwC Approach:** Two months to identify candidates (\$50,000 for candidate validation)

**PwC Timeframe:** FY 1999

**FEC Progress:** Recommendation was implemented in April 1999.

**17. Establish annual performance objectives for the Staff Director and the General Counsel:** To establish and maintain organizational accountability, Commissioners need to communicate desired organizational achievements to both statutory officers and delegate authority to execute tasks. (3.3.6)

**PwC Approach:** Three months to establish performance criteria

**PwC Timeframe:** FY 1999

**Lead Office:** Commissioners

**Participating Offices:** Staff Director, General Counsel and Personnel

**Target Completion Date:**

**FEC Progress:** The Chairman and Vice Chairman have done an initial review of the qualifications of five potential contractors recommended by the FEC's Personnel Director. In response to Commissioners' inquiries about the applicants' legal experience, the Personnel Director provided additional information to the Chairman and Vice Chairman. The material is being reviewed.

**18. Encourage more collaboration and communication among existing work groups:** The Staff Director should convene regularly scheduled meetings to increase cross-divisional communication and collaboration and to review management information system performance data. (3.3.5)



**PwC Approach:** Minimal  
**PwC Timetable:** FY 1999  
**Lead Offices:** Staff Director and General Counsel  
**FEC Progress:** This recommendation has been implemented. For more information, see Recommendation # 7 and other specific PwC recommendations.

**19. Develop a new performance appraisal process for managers:** A pilot project should be initiated, using an upward feedback system, to ensure that FEC managers have put into practice those behaviors that foster communication and ownership of problems and reward innovation. (3.3.7)

**PwC Approach:** Six months to research, develop, and administer pilot survey (\$50,000)  
**PwC Timetable:** FY 1999  
**Lead Office:** Personnel  
**Participating Offices:** All  
**FEC Progress:** Some of the companies that were interviewed with respect to the SD/GC performance objective project also indicated a willingness and desire to work on this recommendation.

**20. Explore alternatives to the Federal General Service classification system:** Alternatives to the current use of the Federal GS classification system should be explored as a means to increase promotional opportunities and provide a more flexible compensation system. (3.3.11)

**PwC Approach:** Four months to research and investigate options, with OPM support  
**PwC Timetable:** FY 1999  
**Lead Office:** Personnel  
**Participating Offices:** All  
**FEC Progress:** The FEC is reviewing the statute to determine our obligation to follow Title 5 compensation and classification policies.

**21. Conduct customer satisfaction surveys after an election cycle to understand expectations and measure changes in filer satisfaction with the products and services provided by the FEC:** Using the baseline findings provided in this report, regular surveys will allow FEC to discontinue services that have diminishing value, to better understand the needs of the filing community, and to better deploy FEC resources. (3.3.3)

**PwC Approach:** \$75,000 each election cycle  
**PwC Timetable:** FY 2001  
**Lead Office:** Information  
**Participating Offices:** Public Records, RAD, Press, OGC Administration, Data and Planning & Management  
**Target Completion Date:** June 2001  
**FEC Progress:** Project will be undertaken by the Information Division after the completion of the 2000 election.

## **Improvement Opportunities**

**Improvement Opportunity 3-7:** The FEC should create a more open and proactive problem-solving environment for doing business.

This and several of the following Improvement Opportunities parallel a number of the recommendations described above (see, for example, recommendations 7, 9, 16, 18 and 21).

**Improvement Opportunity 3-9:** The Data Division should routinely conduct an internal FEC staff survey to assess user satisfaction.

**Lead Office:** Data

**Participating Offices:** All

**FEC Progress:** The IT Strategic Plan calls for an outside contractor to perform an agency-wide needs analysis in FY 2000. This will be the third such analysis. The others were performed in 1995 and 1997. The needs analysis to be performed in FY 2000 will include a staff survey.

**Improvement Opportunity 3-10:** FY 2000 is the time for the FEC to begin to lay the framework for significant business process reengineering efforts. Future and ongoing ADP initiatives should incorporate a business process reengineering effort led by the program offices, not DSDD.

**Lead Office:** Data

**Participating Offices:** All

**FEC Progress:** See Recommendation # 10.

**Improvement Opportunity 4-1:** FEC should redesign a disclosure database that supports internal staff needs, as well as the public's needs.

**FEC Progress:** This has been a fundamental element in the requirements analysis for client-server database development conducted for the Commission by AMS. It will continue to be a driving principle in that program.  
(See response to Recommendation #9).

**Improvement Opportunity 4-3:** FEC should set up Internet connections on several PCs in the Public Records Division. The Internet could be used to access other campaign finance databases and Web sites on third-party information providers.

**Lead Office:** Data

**FEC Progress:** This effort was completed in July 1999 when DSDD configured all of the PC's in Public Records so that the public could access other campaign finance Web sites.

**Improvement Opportunity 4-4:** The Processing Branch should support all imaging needs throughout the Commission. Processing staff could work with the Office of the General Counsel to assist that Office with its imaging needs.

**Lead Office:** Public Disclosure

**FEC Progress:** The Commission's Strategic Plan for IT development includes a program to reexamine the use of imaging technology throughout the Commission. A

primary element in that process is defining and implementing imaging solutions for document management beyond the basic disclosure reports which currently are imaged.

**Improvement Opportunity 4-5:** Once the Commission has a certain date for mandatory electronic filing, RAD should begin to work with Data Systems to develop an automated, paperless review process to replace the existing manual, paper-intensive reviews.

- In November, RAD began using version 1 of a program allowing for automated review of electronically filed reports. Per RAD requirements, the program conducts all math checks and presents the data in formats that permit quick review for missing information. The program has been installed for all RAD analysts, and is currently in use. Additional modifications, based on analyst experience, are anticipated over the next several months. See PwC Recommendation 10.

**Improvement Opportunity 4-6:** Realign resources in the Disclosure and Data Systems Divisions to enable a more unified approach to disclosure. FEC should establish a single office for disclosure...responsible for creating the public record (from start to finish), as well as FEC compliance with the 48-hour rule.

**FEC Progress:** See Recommendation # 8.

**Improvement Opportunity 4-8:** In the event that mandatory electronic filing seems unlikely in the foreseeable future, the FEC should explore alternate plans to the EFS that would optimize its existing investment in imaging technology by integrating compatible technologies such as optical character recognition (OCR), bar codes and workflow software.

**FEC Progress:** See Recommendations #5 and #10.

**Improvement Opportunity 4-10:** The FEC should continue to solicit input from both filers and internal staff regarding necessary enhancements to the electronic filing system.

**Lead Office:** Data

**Participating Offices:** None

**FEC Progress:** The Commission sent an electronic filing survey to all active committees on May 10. A total of 1,543 valid responses have been received as a result of two waves of questionnaires and Web-based distribution of surveys. Analysis of the survey responses suggests a number of initiatives that would encourage electronic filing, including:

- Better written explanations of how to use the Commission's electronic software, to accompany the software; and
- More opportunities for training on the Commission's new electronic filing system.

In response to these suggestions additional documentation is currently being developed, and the Data Systems Development Division has initiated a new training program which will complement the training conducted at FEC conferences and other venues.

- The Commission has also sent questionnaires to all known software vendors requesting feedback on their experience with electronic filing and recommendations for improvements. This communication may lead to additional contacts and formal

meetings to ensure that vendors are included in planning any modifications to the program.

**Improvement Opportunity 4-15:** Continue to calibrate the RAD referral thresholds with OGC Enforcement Section civil penalty guidelines so that RAD referrals to OGC result in conciliation agreements with monetary penalties.

**Lead Offices:** RAD, OGC Enforcement and OGC PFESP

**Participating Office:** Audit

**FEC Progress:** See Recommendation #15.

**Improvement Opportunity 4-16:** To increase the level of detection of patterns of improper campaign finance practices, RAD should initiate a data-mining and contributor-collaboration software pilot to assess the degree to which "financial" transaction violations can be identified.

**Lead Office:** RAD

**Participating Office:** Data

**FEC Progress:** Developments in automating RAD review of reports will have an impact on data-mining activities. See Recommendation # 10.

**Improvement Opportunity 4-20:** Development efforts should be initiated by OGC to define additional scoring criteria that estimate resource allocation by tier of case.

**Lead Office:** OGC Enforcement and OGC PFESP

**Participating Offices:** None

**FEC Progress:** See Recommendation # 14. The Office of General Counsel anticipates considering this proposal once the case management system has been operational for a period of time.

## **Other Projects**

### **1. Transfer payroll and personnel systems to the National Finance Center.**

**Lead Office:** Accounting

**Participating Offices:** Accounting, Personnel, Data

**Target Completion Date:** The Accounting Division completed this project in November 1999

**FEC Progress:** The FEC has completed the process of migrating both its Personnel and Payroll systems to the USDA's National Finance Center (NFC).

### **2. Year 2000 Remediation Effort**

**Lead Office:** Data

**Participating Offices:** All Divisions

**Target Completion Date:** The Data Division completed this project in December 1999

**FEC Progress:** A complete end-to-end test of all systems was performed, and successfully completed on December 17, 1999. On January 1, 2000, the FEC Y2K Project Work Group and supporting staff, conducted actual data rollover checks and all

systems operated with no problems. The Y2K Day-One After Action Report was completed on January 13, 2000.

**3. Conduct computer security review.**

**Lead Office:** Data

**Participating Offices:** Data

**Target Completion Date:** March 2000

**FEC Progress:** Utilizing GSA's MOBIS schedule, the FEC placed a task order with Booz-Allen to conduct a complete computer security review. The order involved a review of all facets of computer security, including internal controls, physical access, unauthorized software, computer viruses, network infrastructure and review of local area network as required by OMB Circular A-130. The draft Information Technology Security Program Management Plan 1999-2001 is being reviewed. An Information Technology risk assessment has been completed with the delivery of a draft risk assessment report. The final report is due March 3, 2000. A penetration test was completed in January, and the draft report containing the results is scheduled for delivery on February 18, 2000.

**4. Enhance FEC Web site.**

**Lead Office:** Data

**Participating Offices:** Virtually all

**Target Completion Date:** Project has been completed.

**FEC Progress:** The redesigned FEC Web site was launched in December, 1999 and has been widely regarded as a significant improvement in organization and presentation of material.

On January 31, 2000, the Commission began posting agendas and agenda documents for open Commission meetings, as well as Advisory Opinion Requests and correspondence related to pending Advisory Opinions, on the Web site.

**5. Implement Document Management System in OGC (PCDocs).**

**Lead Office:** OGC

**Participating Offices:** Data, Commissioners' Offices

**Target Completion Date:** July 2000

**FEC Progress:** OGC PFESP was selected as the pilot group for implementing this project.

**6. Implement Document and Tracking System in Audit (TeamMate).**

**Lead Office:** Audit

**Participating Offices:** Audit and Data

**Target Completion Date:** June 2000

**FEC Progress:** A vendor has been selected and a task order placed with the selected vendor to conduct a requirements analysis of the audit work process. Specifically, the vendor is required to identify a system or systems which will optimize the audit workflow process, provide electronic work papers and track audits. It is anticipated that the Report will be finalized by March, 2000; acquisition and

implementation of the electronic audit workflow and management process would begin this fiscal year. Transitional issues and training of staff would occur during the second and third quarter, 2000, with the systems fully operational by October 1, 2000 — before the planned commencement of Title 26 field audits of the nominees' primary and general election campaigns and the audits of the nominating conventions and host committees.

**7. Expand imaging process to include materials other than campaign finance reports.**

**Lead Office:** Data

**Participating Offices:**

**Target Completion Date:** FY 2002

**FEC Progress:** FEC placed a task order with AMS in September to develop a strategy for implementing a Commission-wide document management system. The first phase of the project is slated for completion by April 2000. Areas to be considered include the in-house disclosure imaging system, the OGC imaging efforts (LSI and PCDocs), TeamMate for the Audit Division, and the processes yet to be defined governing the overall agency-wide document management system.

The project plan was completed on November 10, 1999. Interviews of the following offices are completed: Public Disclosure, Information, Press, Data, RAD, Audit, Enforcement, and Litigation. Completion of interviews in the remaining sections of OGC will be accomplished in February 2000. The draft requirements analysis is expected in March 2000, with the cost benefit analysis due in June 2000.

**8. Conduct feasibility study of Optical Scanning Recognition and Bar Code technology.**

**9. Contract for IT services and data entry support services.**

**Lead Office:** Data

**Participating Offices:** None

**Target Completion Date:** Project was completed in August 1999

**FEC Progress:** A contract for data entry support services was awarded in FY 1999.

**10. Renovate building.**

**Lead Office:** Administration, Planning and Management

**Participating Offices:** All

**Target Completion Date:** August 2000

**11. Expand the 2 U.S.C. §437(g) field audit program.**

**Lead Office:** OGC

**Participating Offices:** Audit, RAD, Public Disclosure, Staff Director, Commissioners' Offices

**Target Completion Date:**

**FEC Progress:** On September 14, 1999, the Commission authorized a task force to focus on the Title 2 audit process and on ways to expand the use of audits in the

Commission's enforcement process. The task force includes representatives from the Commissioners' offices, the Staff Director's office, Audit Division, OGC, RAD, Public Disclosure and Data.

**12. Alternative Dispute Resolution (ADR) Pilot Program.**

**Lead Office:** OGC

**Participating Offices:** Staff Director, Commissioners' Offices

**Target Completion Date:** July 2000

**FEC Progress:** Representatives from the Staff Director's Office, OGC and Commissioners' offices have been assisting the Federal Mediation and Conciliation Service (FMCS) in its preparation of a final report on a proposed FEC Alternative Dispute Resolution. On December 14, 1999, FMCS met with the Commissioners to present their final ADR design report, including findings and recommendations. Additionally, OGC developed case selection criteria, which will help define the potential scope of the ADR project and assist the Commission in the selection of actual cases to be resolve. As a result of the December meeting, the Commission directed the Staff Director, in conjunction with OGC, to draft a proposal to implement the ADR program. and to issue a vacancy announcement for the Director, Office of ADR. The closing date for the position is February 22, 2000. The Director will report to the Staff Director and be responsible for developing and implementing the ADR program.

**13. Determine effect of projected shortage in Presidential public funding program.**

**14. Integration of Macintosh Publishing Program Into Commission-Wide Server-Based Computer System**

**Lead Office:** Data

**Participating Offices:** Information Division, Administrative Division

**Target Completion Date:** 1<sup>st</sup> quarter, 2000

**FEC Progress:** A new server has been purchased to exclusively handle all work related to FEC publications produced on the Macintosh. A decision was made to purchase a separate server after tests revealed that Macintosh operations compromised the workings of other programs when the two were combined on one server. Implementation of the program will increase the efficiency and productivity of the agency's publications program. The new server has been installed. Final testing and documentation should be completed in February 2000, and the server is scheduled for full operation by the end of February 2000.

**15. Waiver of State Filing Requirements.**

**Lead Office:** Public Records

**Participating Offices:** RAD, Data, Information

**Target Completion Date:** This project has been completed.

**FEC Progress:** In 1995, Congress enacted 2 U.S.C. §439(c), which exempts states from receiving and maintaining copies of federal campaign finance reports provided that the state, "as determined by the Commission, has a system that permits

electronic access to, and duplication of, reports and statements that are filed with the Commission.”

In addition to implementing the statutory provisions of 2 U.S.C. §439(c), there are three complementary goals of a state filing waiver: to relieve state offices of filing and maintenance burdens, to relieve committees of duplicative state filing, and to maintain or increase the level of state disclosure.

On October 14, 1999, the Commission formally approved a program to provide state offices with a method that ensures public Internet access to the Commission’s web site to view and copy the federal campaign finance disclosure reports, and, in so doing, waive states from the requirement that they receive paper copies of these reports. Note that the waiver does not apply to reports filed by campaigns for U.S. Senate candidates and other political committees that support only U.S. Senate candidates. Soon thereafter, the Commission announced the opportunity to states.

To date 41 states have responded positively to participating in the state waiver program and have given the FEC their hardware and software requirements. Of that total, 33 have been granted a waiver. The next circulation for Commission approval of states requesting the waiver will be made in early March.

#### **16. Review Operation of Commission Secretariat.**

**Lead Office:** Commission Secretary

**Target Completion Date:** March 2000

**FEC Progress:** The Staff Director is currently reviewing a draft report submitted by the contractor.